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VIA ELECTRONIC FILING

Marlene Dortch, Esq.
Secretary
Federal Communications Commission
445 Twelfth Street, SW
Washington, D.C. 20554

Re: WT Docket No. 06-150 (Service Rules for the 700 MHz Commercial Bands)

Dear Ms. Dortch:

On behalf of Citizens Telephone Cooperative (“Citizens”), we are writing to express Citizens’s support for the Balanced Consensus Plan (“BalCon”) for the 700 MHz commercial spectrum, and the principles and concerns expressed in the April 18th letter filed in the above-referenced proceeding by the coalition supporting the BalCon. Citizens is the Lower 700 MHz C block licensee in four Cellular Market Areas (“CMAs”) in rural Virginia. Using its licensed 700 MHz spectrum, Citizens currently provides high speed broadband access to rural communities in Virginia, consistent with the congressional and Federal Communications Commission (“FCC” or “Commission”) goal of encouraging the deployment of broadband services to such areas. Citizens desires to expand its service offerings and service area, and needs additional spectrum to do so.

Citizens agrees with the supporters of the BalCon that the 700 MHz band plan should be structured as follows:

1. In the lower 700 MHz band, one of the *paired* frequency blocks should be licensed on a CMA basis, one *paired* block on an EA basis, and the remaining unpaired E block on an REAG basis.
2. In the upper 700 MHz band, the 20 megahertz D block should be divided into two 10 megahertz paired blocks, with one block licensed on a CMA basis and one block licensed on an EA basis.

There is substantial support in the record for licensing the 700 MHz spectrum in a mix of geographic areas to support a variety of business plans and to facilitate the dissemination of licenses among a wide variety of applicants.¹ The Commission should model the 700 MHz band

¹ See 47 U.S.C. § 309(j)(4)(C)(i), (j)(3)(B).

plan after the successful band plan utilized for the advanced wireless services ("AWS") auction, in which over half of the spectrum was licensed on a CMA or EA basis.

Citizens is extremely concerned that a band plan heavily favoring large license areas will significantly limit auction participation (and participation in 700 MHz in general) by small and rural companies, particularly those like Citizens, that are committed to providing service to rural and otherwise underserved areas of the county. While large companies efficiently can aggregate licenses in a spectrum auction, the converse is not true. It will be impossible for Citizens and other small businesses to compete for large licenses, and post auction disaggregation and partitioning of large licenses in the secondary market remains an inefficient and incomplete solution for disseminating licenses to small companies.

If the Commission auctions only one paired 700 MHz block on something other than an REAG basis, it will force all but a select few bidders to compete for that one license. This alone will discourage auction participation by many small and mid-sized companies. Accordingly, adoption of a band plan heavily loaded with REAG licenses will unduly favor a few large companies and will chill and limit 700 MHz participation by small and mid-sized companies.

Rather than loading the 700 MHz band plan with huge geographic license areas, the Commission should adopt a plan with a mix of license areas for licenses of paired spectrum. This will foster the greatest overall competition in the auction, encourage the dissemination of licenses to a variety of applicants, facilitate the deployment of service to rural and underserved areas, and ultimately benefit consumers, including those residing in rural areas.

Sincerely,

/s/ Gregory W. Whiteaker

Gregory W. Whiteaker
Attorney for Citizens
Citizens Telephone Cooperative

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